United Nations A/72/7/Add.2

General Assembly

Distr.: General
26 September 2017

Original: English

**Seventy-second session**
Agenda item 136
**Proposed programme budget for the biennium 2018-2019**

# Request for a subvention to the United Nations Institute for Disarmament Research resulting from the recommendations of the Board of Trustees of the Institute on the work programme of the Institute for 2018-2019

## Third report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2018-2019

1. The Advisory Committee on Administrative and Budgetary Questions has considered the note by the Secretary-General (A/72/369) on the request for a subvention of $2,074,700 (before recosting) to the United Nations Institute for Disarmament Research (UNIDIR) resulting from the recommendations of the Board of Trustees of the Institute on the work programme of the Institute for 2018-2019 (see A/72/185). During its consideration of the request, the Committee met with the Director of the Institute and representatives of the Secretariat, who provided additional information and clarifications.

2. The request for a subvention to UNIDIR for the biennium 2018-2019 is presented in the note of the Secretary-General in accordance with part IV, paragraph 2, of resolution 60/248, in which the General Assembly endorsed the proposal that the request for a subvention to UNIDIR be submitted for review and approval by the Assembly on a biennial basis in the context of its consideration of the proposed programme budget for the related biennium. The Advisory Committee notes that the request is consistent with what is contained in the proposed programme budget for the biennium 2018-2019, which includes, under section 4, Disarmament, a provision for $2,074,700 (before recosting) representing the United Nations subvention to UNIDIR for 2018-2019. The Advisory Committee also notes that it has considered the UNIDIR subvention in its review of three separate reports: the note by the Secretary-General transmitting the report of the Director of UNIDIR on the activities of the Institute for the period from January to December 2016 and the proposed programme of work and financial plan for 2017 and 2018 (A/72/154); the proposed programme budget for the biennium 2018-2019 (A/72/6 (Sect. 4) and Corr.1); and the note of the Secretary-General on the UNIDIR subvention. **In the future, the Advisory Committee will only make comments and**

17-16953 (E) 280917

Please recycle

**recommendations on the subvention in the context of its consideration of subsequent requests of the Secretary-General to be submitted in his note on the matter.**

3. The Advisory Committee further notes that extrabudgetary resources for the trust fund for UNIDIR are projected to be $5,042,000 in the biennium 2018-2019 (see A/72/6 (Sect. 4), para. 4.15).

4. The General Assembly, in paragraph 9 of its resolution 70/69, requested the Secretary-General as an exceptional, one-off measure to preserve the future of the Institute and without setting a precedent, to submit, in the context of the programme budget for the biennium 2018-2019, a funding proposal taking into account additional resources in the light of the recommendations contained in the latest report of the Secretary-General on the work of the Advisory Board on Disarmament Matters (A/70/186). The Secretary-General's proposal for 2018-2019 includes an amount of $1,774,700 to cover the requirements of institutional core staffing of UNIDIR (see para. 5 below) and an amount of $300,000 to cover the costs of an assessment by an independent third party on the future structural, financial, administrative and operational aspects of the Institute (see A/72/369, para. 9). That assessment would put forward proposals for a sustainable and stable funding structure and operating model required for the Institute to achieve its mandate and objectives of the Institute beyond the biennium 2018-2019, as requested by the Assembly in its resolution 70/69 (see para. 6 below). During its consideration of the proposed programme budget for 2018-2019, the Advisory Committee was informed that the proposal contains a one-time increase of $1,524,700, in addition to the current level of the subvention ($550,000 at the 2016-2017 revised rate). The Committee notes that the proposed subvention amounts to a threefold increase in the subvention level from the current biennium.

5. With regard to the regular budget funding requirement of institutional core staffing of UNIDIR, the Secretary-General noted that an internal assessment conducted in 2016 concluded that a core staff of four was deemed appropriate to carry out the Institute's essential institutional functions, composed of the following posts: one Director (D-2); one Chief of Operations (P-5); one Finance and Budget Officer (P-3); and one Administrative Assistant (General Service (Other level)) (see A/72/369, para. 3). The Secretary-General also indicated in his report on the work of the Advisory Board on Disarmament Matters that the Board reiterated its view that the annual subvention be increased to cover the costs of the entire institutional staff of five, including the position of Chief of Research, to further strengthen research design and integrity (see A/72/185, para. 39). The Advisory Committee reaffirms its recommendation to approve the resources needed to cover the costs of the four institutional staff included in the proposed UNIDIR subvention, as set out in the proposed programme budget for the biennium 2018-2019.

6. With respect to the $300,000 in proposed requirements for the third-party assessment of UNIDIR included in the request for the subvention, the Secretary-General indicated that the resources would be managed and implemented by the Office for Disarmament Affairs of the Secretariat in close collaboration with the United Nations Office at Geneva (see A/72/369, para. 9). The Advisory Committee was informed, upon enquiry, that the assessment would be conducted over a three-month period, from mid-January to mid-to-late April 2018, but was not provided with further detail on the monthly cost or the scope of the work to be completed in the limited time available. The Advisory Committee reaffirms its recommendation on the UNIDIR subvention provided in its first report on the proposed programme budget for the biennium 2018-2019, in which the Committee recommended the reduction of $100,000 in the proposed additional funds dedicated to the independent assessment (see A/72/7, part II, sect. 4).

**7. Taking into account the recommendation of the Advisory Committee contained in paragraph 5 above, the Committee recommends that the General Assembly approve the request for the subvention in the amount of $1,974,700 (before recosting) from the regular budget of the United Nations for the biennium 2018-2019, for which a provision has already been included under section 4, Disarmament, of the proposed programme budget for the biennium.**

United Nations A/72/7/Add.3

General Assembly

Distr.: General
11 October 2017

Original: English

**Seventy-second session**
Agenda item 136
**Proposed programme budget for the biennium 2018-2019**

# Section 13, International Trade Centre

## Fourth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2018-2019

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the proposed programme budget of the International Trade Centre (ITC) for the biennium 2018-2019 (A/72/6 (Sect. 13) and Corr.1). The Committee recalls that the submission of the present budget proposal reflects a simplified budget procedure endorsed by the General Assembly in its resolution 70/248 A, under which a single review of the resource requirements is conducted in the year preceding the financial period. During its consideration of the report, the Committee met with the Executive Director of ITC and representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 11 October 2017.

2. Information on the estimated resource requirements of ITC for the biennium 2018-2019 is provided in table 13.3 of the budget document (A/72/6 (Sect. 13)/ Corr.1). The budget is to be funded equally by the two parent organizations of ITC, the United Nations, acting through the United Nations Conference on Trade and Development, and the World Trade Organization.

3. The proposed resources for the biennium 2018-2019 for section 13 amount to SwF 71,454,400 before recosting, which represents a reduction of SwF 792,200, or 1.1 per cent, compared with the appropriation for the biennium 2016-2017. After recosting, the proposed net resource requirements amount to SwF 72,972,700. The proposed overall resources amount to SwF 73,372,700, including miscellaneous income from various sources, projected at SwF 400,000. After taking into account miscellaneous income, the net contribution of each parent organization of ITC is therefore estimated at SwF 36,486,350, equivalent to $38,006,600 after recosting (A/72/6 (Sect. 13) and Corr.1, para. 13.32 and table 13.4).

4. The Secretary-General attributes the reduction of SwF 792,200 to efficiencies that the Centre plans to bring about in the biennium 2018-2019. The proposed reduction is the result of the efforts of ITC to apply the anticipated Umoja efficiencies presented in the eighth progress report of the Secretary-General on the enterprise resource planning project (A/71/390) to individual day-to-day operations



Please recycle

(A/72/6 (Sect. 13), para. 13.34). During its consideration of the current proposal, the Advisory Committee requested, but was not provided with, a consolidated list of the resource reductions categorized under "other changes" across all budget sections, along with an explanation of how they would be achieved and the extent to which they could be considered efficiencies. Related observations and recommendations of the Committee on this matter are set out in chapter I of its first report on the proposed programme budget for the biennium 2018-2019 (A/72/7).

5. The regular budget resources for the biennium 2018-2019 would be supplemented by projected extrabudgetary resources amounting to approximately SwF 105.6 million (A/72/6 (Sect. 13), para. 13.33).

**Posts**

6. According to the supplementary information provided to the Advisory Committee, an amount of SwF 55,592,300 is proposed, before recosting, under post resources for the continuation of 160 posts (91 in the Professional and higher categories and 69 in the General Service and related categories), which is the same as the staffing level approved for the biennium 2016-2017 (A/72/6 (Sect. 13)/Corr.1, table 13.4).

Table 1
**Post resources**

| | *Number* | *Level* |
|---|---|---|
| *Regular budget* | | |
| Approved for the biennium 2016-2017 | 160 | 1 ASG, 1 D-2, 5 D-1, 20 P-5, 30 P-4, 20 P-3, 14 P-2/1, 69 GS (OL) |
| Proposed for the biennium 2018-2019 | 160 | 1 ASG, 1 D-2, 5 D-1, 20 P-5, 30 P-4, 20 P-3, 14 P-2/1, 69 GS (OL) |

*Abbreviations*: ASG, Assistant Secretary-General; GS, General Service; OL, Other level.

7. In addition, a total of 20 posts funded from extrabudgetary sources are proposed, as in 2016-2017.

**Comments on non-post resources**

8. As indicated in the supplementary information, the overall estimate for non-post resources of the regular budget for 2018-2019 amounts to SwF 15,862,100, representing a net decrease of SwF 792,200, or 48 per cent, compared with the appropriation for 2016-2017. This includes decreases under other staff costs (SwF 351,700), contractual services (SwF 55,600), general operating expenses (SwF 398,300) and supplies and materials (SwF 50,000), offset by an increase under grants and contributions (SwF 63,400).

*Official travel*

9. The supplementary information further indicates that an amount of SwF 678,300 is proposed for travel for the biennium 2018-2019, which is the same as that appropriated for 2016-2017. In its previous report, the Advisory Committee noted the low level of compliance by ITC with the requirement for advance booking and purchase of tickets and expressed the expectation that immediate steps would be taken to ensure compliance with that requirement, leading to more efficient use of funds allocated for official travel (A/70/7/Add.1, para. 10).

10. The Advisory Committee recalls that the General Assembly has at various times stressed the need to keep travel costs to a minimum, including by using videoconferencing, travelling in economy class for training-related activities,

restricting the number of staff accompanying senior officials on visits and booking air tickets at least 16 days in advance (see, e.g., General Assembly resolution 67/254 A).

11. In the context of its consideration of the ITC budget proposal, the Advisory Committee requested, but was not provided with, a breakdown of the travel requirements for 2018-2019 in order to verify the extent to which the above-mentioned measures were in place. **The Committee trusts that ITC will provide detailed information on the implementation of those measures to the General Assembly during its consideration of the 2018-2019 budget proposal.**

12. For the biennium 2018-2019, the Advisory Committee was informed, upon enquiry, that 38 per cent of tickets were purchased in compliance with the advance purchase requirement during the period from 1 January 2016 to 13 September 2017, representing a marginal improvement over the previous period. **The Committee notes with concern that the level of compliance by ITC with the requirement for advance booking and purchase of air tickets remains low, particularly in view of its predominantly predictable travel requirements, and reiterates its expectation that immediate steps will be taken to improve overall compliance with this requirement, resulting in greater efficiency in the use of funds allotted for this purpose.**

*Contractual services*

13. The supplementary information indicates that the proposed requirement of SwF 2,223,000 for contractual services in 2018-2019 includes a provision of SwF 755,400 for the production, revision and printing of the quarterly magazine *International Trade Forum*, various other publications and miscellaneous documents. Upon enquiry, the Advisory Committee was informed that ITC plans to produce four issues of its quarterly magazine in three languages (for a total of 24 issues over the biennium). The Committee was further informed, upon enquiry, that the cost per issue would vary from SwF 15,300 for the English version to SwF 16,800 for the French and Spanish versions. **The Committee considers that the production, revision and printing of this publication could be achieved in a more cost-effective manner and encourages ITC to explore alternative options for publication and distribution, including through electronic means.**

**General comments**

*Funding challenges*

14. The budget proposal indicates that all ITC technical assistance is delivered in partnership with Governments, national and regional institutions and multilateral organizations from the United Nations development system and beyond, as well as with the private sector. It also indicates that requests for technical assistance continue to outpace available resources, requiring ITC to find innovative ways to deliver such assistance. For that reason, ITC will leverage its regular budget resources further and raise its targets for extrabudgetary resources for the biennium 2018-2019 to even more ambitious levels (A/72/6 (Sect. 13), paras. 13.12, 13.18 and 13.19). **The Advisory Committee encourages ITC to continue to broaden its donor base in order to support and sustain its programmes.**

**Conclusion**

15. The programme budget proposal for section 13 amounts to $36,685,300 before recosting (A/72/6 (Sect. 13) and Corr.1, tables 13.1 and 13.4).

16. **The Advisory Committee recommends the approval of the proposal of the Secretary-General under section 13, International Trade Centre, of the proposed programme budget for the biennium 2018-2019.**

United Nations A/72/7/Add.3/Rev.1

General Assembly

Distr.: General
11 October 2017

Original: English

**Seventy-second session**
Agenda item 136
**Proposed programme budget for the biennium 2018-2019**

# Section 13, International Trade Centre

## Fourth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2018-2019

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the proposed programme budget of the International Trade Centre (ITC) for the biennium 2018-2019 (A/72/6 (Sect. 13) and A/72/6 (Sect. 13)/Corr.1). The Committee recalls that the submission of the present budget proposal reflects a simplified budget procedure endorsed by the General Assembly in its resolution 70/248 A, under which a single review of the resource requirements is conducted in the year preceding the financial period. During its consideration of the report, the Committee met with the Executive Director of ITC and representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 11 October 2017.

2. Information on the estimated resource requirements of ITC for the biennium 2018-2019 is provided in table 13.3 of the budget document (A/72/6 (Sect. 13)/Corr.1). The budget is to be funded equally by the two parent organizations of ITC, the United Nations, acting through the United Nations Conference on Trade and Development, and the World Trade Organization.

3. The proposed resources for the biennium 2018-2019 for section 13 amount to SwF 71,454,400 before recosting, which represents a reduction of SwF 792,200, or 1.1 per cent, compared with the appropriation for the biennium 2016-2017. After recosting, the proposed net resource requirements amount to SwF 72,972,700. The proposed overall resources amount to SwF 73,372,700, including miscellaneous income from various sources, projected at SwF 400,000. After taking into account miscellaneous income, the net contribution of each parent organization of ITC is therefore estimated at SwF 36,486,350, equivalent to $38,006,600 after recosting (A/72/6 (Sect. 13) and Corr.1, para. 13.32 and table 13.4).

4. The Secretary-General attributes the reduction of SwF 792,200 to efficiencies that the Centre plans to bring about in the biennium 2018-2019. The proposed reduction is the result of the efforts of ITC to apply the anticipated Umoja efficiencies presented in the eighth progress report of the Secretary-General on the enterprise resource planning project (A/71/390) to individual day-to-day operations (A/72/6



Please recycle

(Sect. 13), para. 13.34). During its consideration of the current proposal, the Advisory Committee requested, but was not provided with, a consolidated list of the resource reductions categorized under "other changes" across all budget sections, along with an explanation of how they would be achieved and the extent to which they could be considered efficiencies. Related observations and recommendations of the Committee on this matter are set out in chapter I of its first report on the proposed programme budget for the biennium 2018-2019 (A/72/7).

5. The regular budget resources for the biennium 2018-2019 would be supplemented by projected extrabudgetary resources amounting to approximately SwF 105.6 million (A/72/6 (Sect. 13), para. 13.33).

**Posts**

6. According to the supplementary information provided to the Advisory Committee, an amount of SwF 55,592,300 is proposed, before recosting, under post resources for the continuation of 160 posts (91 in the Professional and higher categories and 69 in the General Service and related categories), which is the same as the staffing level approved for the biennium 2016-2017 (A/72/6 (Sect. 13)/Corr.1, table 13.4).

Table 1
**Post resources**

| | *Number* | *Level* |
|---|---|---|
| *Regular budget* | | |
| Approved for the biennium 2016-2017 | 160 | 1 ASG, 1 D-2, 5 D-1, 20 P-5, 30 P-4, 20 P-3, 14 P-2/1, 69 GS (OL) |
| Proposed for the biennium 2018-2019 | 160 | 1 ASG, 1 D-2, 5 D-1, 20 P-5, 30 P-4, 20 P-3, 14 P-2/1, 69 GS (OL) |

*Abbreviations*: ASG, Assistant Secretary-General; GS, General Service; OL, Other level.

7. In addition, a total of 20 posts funded from extrabudgetary sources are proposed, as in 2016-2017.

**Comments on non-post resources**

8. As indicated in the supplementary information, the overall estimate for non-post resources of the regular budget for 2018-2019 amounts to SwF 15,862,100, representing a net decrease of SwF 792,200, or 4.8 per cent, compared with the appropriation for 2016-2017. This includes decreases under other staff costs (SwF 351,700), contractual services (SwF 55,600), general operating expenses (SwF 398,300) and supplies and materials (SwF 50,000), offset by an increase under grants and contributions (SwF 63,400).

*Official travel*

9. The supplementary information further indicates that an amount of SwF 678,300 is proposed for travel for the biennium 2018-2019, which is the same as that appropriated for 2016-2017. In its previous report, the Advisory Committee noted the low level of compliance by ITC with the requirement for advance booking and purchase of tickets and expressed the expectation that immediate steps would be taken to ensure compliance with that requirement, leading to more efficient use of fur as allocated for official travel (A/70/7/Add.1, para. 10).

10. The Advisory Committee recalls that the General Assembly has at various times stressed the need to keep travel costs to a minimum, including by using videoconferencing, travelling in economy class for training-related activities,

restricting the number of staff accompanying senior officials on visits and booking air tickets at least 16 days in advance (see, e.g., General Assembly resolution 67/254 A).

11. In the context of its consideration of the ITC budget proposal, the Advisory Committee requested, but was not provided with, a breakdown of the travel requirements for 2018-2019 in order to verify the extent to which the above-mentioned measures were in place. **The Committee trusts that ITC will provide detailed information on the implementation of those measures to the General Assembly during its consideration of the 2018-2019 budget proposal.**

12. For the biennium 2018-2019, the Advisory Committee was informed, upon enquiry, that 38 per cent of tickets were purchased in compliance with the advance purchase requirement during the period from 1 January 2016 to 13 September 2017, representing a marginal improvement over the previous period. **The Committee notes with concern that the level of compliance by ITC with the requirement for advance booking and purchase of air tickets remains low, particularly in view of its predominantly predictable travel requirements, and reiterates its expectation that immediate steps will be taken to improve overall compliance with this requirement, resulting in greater efficiency in the use of funds allotted for this purpose.**

*Contractual services*

13. The supplementary information indicates that the proposed requirement of SwF 2,223,000 for contractual services in 2018-2019 includes a provision of SwF 755,400 for the production, revision and printing of the quarterly magazine *International Trade Forum*, various other publications and miscellaneous documents. Upon enquiry, the Advisory Committee was informed that ITC plans to produce four issues of its quarterly magazine in three languages (for a total of 24 issues over the biennium). The Committee was further informed, upon enquiry, that the cost per issue would vary from SwF 15,300 for the English version to SwF 16,800 for the French and Spanish versions. **The Committee considers that the production, revision and printing of this publication could be achieved in a more cost-effective manner and encourages ITC to explore alternative options for publication and distribution, including through electronic means.**

**General comments**

*Funding challenges*

14. The budget proposal indicates that all ITC technical assistance is delivered in partnership with Governments, national and regional institutions and multilateral organizations from the United Nations development system and beyond, as well as with the private sector. It also indicates that requests for technical assistance continue to outpace available resources, requiring ITC to find innovative ways to deliver such assistance. For that reason, ITC will leverage its regular budget resources further and raise its targets for extrabudgetary resources for the biennium 2018-2019 to even more ambitious levels (A/72/6 (Sect. 13), paras. 13.12, 13.18 and 13.19). **The Advisory Committee encourages ITC to continue to broaden its donor base in order to support and sustain its programmes.**

**Conclusion**

15. The programme budget proposal for section 13 amounts to $36,685,300 before recosting (A/72/6 (Sect. 13) and Corr.1, tables 13.1 and 13.4).

16. **The Advisory Committee recommends the approval of the proposal of the Secretary-General under section 13, International Trade Centre, of the proposed programme budget for the biennium 2018-2019.**

United Nations A/72/7/Add.4

General Assembly

Distr.: General
6 October 2017

Original: English

**Seventy-second session**
Agenda item 136
**Proposed programme budget for the biennium 2018-2019**

# Tenth and final progress report on the adoption of the International Public Sector Accounting Standards by the United Nations

## Report of the Advisory Committee on the Administrative and Budgetary Questions

## I. Introduction and background

1. The Advisory Committee on Administrative and Budgetary Questions considered the tenth and final progress report of the Secretary-General on the adoption of the International Public Sector Accounting Standards (IPSAS) by the United Nations (A/72/213). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses dated 26 September 2017.

2. The Advisory Committee recalls that the General Assembly, in its resolution 60/283, approved the adoption of IPSAS by the United Nations. The Committee also recalls that, since 2008, the Secretary-General has submitted annual progress reports on the adoption of IPSAS to the Assembly. In his tenth and final progress report, the Secretary-General provides an update on the ongoing activities identified as central to the long-term sustainability of IPSAS compliance. The Secretary-General notes that all 24 organizations of the United Nations system[1] have successfully completed

[1] The following 24 organizations of the United Nations system have adopted IPSAS: in 2008, World Food Programme; in 2010, International Civil Aviation Organization, International Maritime Organization, International Telecommunications Union, Pan American Health Organization, United Nations Educational, Scientific and Cultural Organization, United Nations Industrial Development Organization, World Intellectual Property Organization and World Meteorological Organization; in 2011, International Atomic Energy Agency, Universal Postal Union; in 2012, International Labour Organization, Joint United Nations Programme on HIV/AIDS, Office of the United Nations High Commissioner for Refugees, United Nations Children's Fund, United Nations Development Programme, United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), United Nations Office for Project Services, United Nations Population Fund, United Nations Relief and Works Agency for Palestine Refugees in the Near East and World Health Organization; in 2014, Food and Agriculture Organization of the United Nations, United Nations and World Tourism Organization.

17-17681 (E) 101017

Please recycle

their implementation of IPSAS. **The Committee notes that the IPSAS project is among the success stories of the transformational projects of the United Nations and commends the efforts of the Secretary-General to complete its implementation.**

## II. Sustaining compliance with the International Public Sector Accounting Standards at the United Nations

3. In section II of his report, the Secretary-General discusses the governance and oversight functions of the project, the management of identified risks and the progress made under the five pillars of IPSAS sustainability. As indicated in paragraph 18 of the report, the five pillars of IPSAS sustainability are the management of IPSAS benefits; the strengthening of internal controls; the management of the IPSAS regulatory framework; the strengthening of Umoja as the backbone of IPSAS-compliant accounting and reporting; and training and skills development. In section II, the Secretary-General also provides projected expenditures for the year ending on 31 December 2017 and a timeline for the project's phases and major milestones through that period.

### Risk management

4. The Secretary-General indicates and outlines his plan to address the three remaining risks for the IPSAS project: insufficient knowledge and documented processes in the area of property management; the transition from multiple legacy systems to Umoja; and the lack, or suboptimal or inaccurate use, of IPSAS information for management decision-making.

### Sustainability of IPSAS

5. In paragraphs 18 to 72 of his report, the Secretary-General explains the progress the Organization has made to date on each of the five pillars of IPSAS sustainability. The following are addressed in paragraphs 6 to 16 below: management of IPSAS benefits; strengthening of internal controls; management of the IPSAS regulatory framework; and strengthening of Umoja as the backbone of IPSAS-compliant accounting and reporting.

#### Management of IPSAS benefits

6. As noted by the Secretary-General in his eighth progress report (A/70/329), the five major benefit categories of the IPSAS project under the benefits management pillar consist of alignment with best practices; improved stewardship of assets and liabilities; availability of more comprehensive information on costs; improved consistency and comparability; and enhanced transparency and accountability. The Advisory Committee was informed upon enquiry that the five major benefit categories identified at the outset of the project had been successfully achieved, with some of them having been mentioned in previous progress reports (e.g., A/60/846/Add.3, para. 15; A/69/367, para. 63; and A/71/226, paras. 20-34).

7. Upon enquiry, the Advisory Committee was informed that the Organization had gained significant momentum in updating its practices since the adoption of IPSAS, making more information available to management and Member States and monitoring its performance on the basis of new information generated by IPSAS and Umoja. It was further informed that the benefits realization would increase as

IPSAS information and the greater availability of real-time information in financial statements continued to be used for management decisions. **The Advisory Committee encourages the Secretariat to further utilize information generated by IPSAS at all levels of management, in order to better inform decision-making. Furthermore, the Committee encourages the Secretary-General to identify possible ways in which Member States can benefit from the improved data produced by IPSAS.**

8. In his report, the Secretary-General also presents further information on the benefits attributable to IPSAS, specifically on: better management of property, plant and equipment; better inventory management; enhanced awareness of existing intangible assets; timely recognition of revenue and better management of receivables; better measurement of accounts receivable; disclosure of financial instruments; improved reporting of liabilities; integration of a comparison of budget and actual amounts into financial statements; and the conclusion of benefits realization. The Advisory Committee was further informed upon enquiry that the Organization's processes in asset management, the monitoring of accrued after-service health insurance liabilities and the tracking of unliquidated obligations/commitments and receivables had significantly improved following IPSAS implementation.

9. The Advisory Committee recalled its earlier recommendation that reporting on such improvements should include concrete examples supported by quantitative measurements. The Committee also noted that the information provided should be clear as to the improvements attributable to the Umoja-related system and those attributable to the adoption of IPSAS (A/71/542, para. 6). **The Advisory Committee notes that this data was not reflected in the tenth and final report of the Secretary-General on IPSAS. The Committee recommends that the General Assembly request the Secretary-General to provide quantifiable and distinct Umoja or IPSAS-related benefits in the relevant future reports of the Secretary-General.**

**Strengthening of internal controls**

10. In paragraph 38 of his report, the Secretary-General notes that the Organization's internal control approach is based on an organization-wide assurance process supporting the issuance of a statement of internal control. He also notes that the process will require annual assurance statements from all departments, offices and missions affirming that internal controls are present and functioning in their respective areas.

11. The Secretary-General indicates that, in order to develop the Organization's internal control framework, the principles and requirements of the Committee of Sponsoring Organizations of the Treadway Commission framework have been adapted to the United Nations organizational context, to allow for a structured and harmonized way to assess internal controls organization-wide against the internal control objectives. He also indicates, in paragraph 42 of the report, that the mapping exercise used to adapt the framework was informed by the most recent and current audit findings of the Office of Internal Oversight Services and of the Board of Auditors. He notes that a small and independent advisory group on internal controls that included both academic experts and practitioners had been set up to provide advice on the technical aspects of the application of the conceptual framework at the United Nations. The Secretary-General further indicates that the change management aspect of introducing a new process based on an international best practice framework is more challenging than initially expected, as it introduces new concepts, terminology and processes, all of which require increased communication and training efforts to make the initiative a success.

12. In paragraph 45 of his report, the Secretary-General indicates that communication and training efforts will be paramount to support the roll-out of the internal controls process and will have to be undertaken at various levels of management. The Advisory Committee notes the efforts made by the Organization to ensure the provision of training and skills development to promote IPSAS sustainability, including specialized training on IPSAS standards and awareness training on IPSAS benefits realization. **The Advisory Committee encourages the Secretariat to ensure that internal control processes based on the Committee of Sponsoring Organizations of the Treadway Commission model are well understood at all levels of management.**

13. In his ninth progress report, the Secretary-General indicates that a pilot exercise to test the assurance process had been planned in selected peacekeeping missions for late 2016, with its results factored into the assurance process to be rolled out to peacekeeping operations early in 2017 and to non-peacekeeping reporting entities in the fourth quarter of 2017 (A/71/226, para. 39). In his tenth and final progress report, the Secretary-General notes the six-month delay compared with the original plans for the preparation of the statement of internal control and that a series of workshops will be conducted in 2017 with peacekeeping and non-peacekeeping entities in order, inter alia, to further train participants on concepts and approaches, identify the right mix of cost controls and refine internal controls and possible required assurances (A/72/213, paras. 40 and 50). On this basis, the Secretary-General indicates that the estimated timelines for the implementation of a statement of internal control have shifted to the financial year 2017/18 for peacekeeping entities and to 2018 for non-peacekeeping entities. **The Advisory Committee recalls its earlier recommendation, in which it had requested the Secretary-General to include, in his tenth and final progress report, information on the results of the pilot exercise to test the assurance process, which had been planned for 2016, as well as a copy of the statement of internal control (A/71/542, para. 11), and regrets the delay.**

14. Upon enquiry, the Advisory Committee was informed that the introduction of a statement of internal control and the envisaged management reforms of the Secretary-General were closely interlinked. The Committee was also informed of some of the potential changes that might impact the internal controls, such as the delegation of authority in the human resources, finance or procurement areas; a possible new global service delivery model; and further roll-out of additional Umoja functionality. The Committee was further informed that the small and independent advisory group on internal controls would meet up to six times until 30 June 2018 in order to ensure the best possible technical implementation of the framework and a future statement on internal control in the United Nations. **On the basis of the new timeline proposed by the Secretary-General, the Advisory Committee recommends that the General Assembly request the Secretary-General to include further information on the implementation of the internal control framework, including the provisional statement on internal control in the relevant future reports of the Secretary-General.**

**Management of the IPSAS regulatory framework**

15. In paragraph 53 of his report, the Secretary-General indicates that the IPSAS Board continues to develop new standards as well as to change and update existing standards, and that there are currently six projects that will have an impact on the United Nations, including the potential mandatory recognition of heritage assets. He also notes that the updating of the Standards on financial instruments will have an impact on the United Nations reporting of its cash pool and other financial assets. In

addition, the Secretary-General notes that a review of these changes is expected after the June 2017 meeting of the IPSAS Board.

**Strengthening of Umoja as the backbone of IPSAS-compliant accounting and reporting**

16. The Secretary-General indicates in paragraph 62 of his report that Umoja continues to serve as the backbone of IPSAS-compliant accounting and reporting and long-term IPSAS sustainability. In paragraph, he notes that the next phase of the automation of financial statements includes disclosure and notes management, which is expected to produce harmonized note disclosures for all of the Secretariat reporting entities that utilize Umoja. **The Advisory Committee takes note of the efforts to automate financial statements and expects that such improvements will enhance and not diminish the current qualitative and quantitative data available in all Secretariat reporting entities.**

### Project budget and expenditure as at 30 June 2017

17. In paragraph 74 of his report, the Secretary-General notes that of the project's indicative budget of $27 million, actual expenditure to 30 June 2017 is $26.2 million, excluding $4.2 million in cumulative expenditure under extrabudgetary funds. He also notes that the total estimated expenditure to 31 December 2017 is $26.8 million. Upon enquiry, the Advisory Committee received confirmation that the tenth and final progress report did not contain any request for additional resources.

## III. International Public Sector Accounting Standards and the United Nations system

18. In paragraphs 75 to 80 of his report, the Secretary-General addresses IPSAS activities being undertaken by the Task Force on Accounting Standards and efforts to sustain IPSAS compliance and realize its planned benefits. **The Advisory Committee expects that the Organization will continue its system-wide efforts on IPSAS.**

19. The Advisory Committee was informed, upon enquiry, that as part of the approved funding envelope and in line with the Financial Regulations and Rules of the United Nations and the recommendation of the Committee contained in part VIII, section 29B, of document A/72/7, cost recovery would be explored as a means of potential additional funding for IPSAS sustainability activities. **The Advisory Committee reiterates its recommendation that, in principle, given the services provided to the 13 reporting entities by the IPSAS team, the entities should be subject to cost recovery for those services received (A/72/7, part VIII, sect. 29B).**

## IV. Action to be taken by the General Assembly

20. **Subject to its comments and recommendations contained in the preceding paragraphs, the Advisory Committee recommends that the General Assembly take note of the tenth and final report of the Secretary-General.**